

HOUSE BILL REPORT

SSB 5388

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to motor vehicle dealer disclosure of damage and repairs in the sale of new motor vehicles.

Brief Description: Concerning the disclosure of any known damage and repair to a new motor vehicle by motor vehicle dealers.

Sponsors: Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Parlette, Murray, Swecker, Carrell, King, Tom, Kohl-Welles and Franklin).

Brief History:

Committee Activity:

Commerce & Labor: 3/13/09, 3/20/09 [DP].

Brief Summary of Substitute Bill

- Requires dealers and manufacturers to disclose any known damage and repair to a new motor vehicle if the damage exceeds 5 percent of the manufacturer's suggested retail price or \$1,000, whichever is greater.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Crouse, Green, Moeller and Williams.

Staff: Alison Hellberg (786-7152)

Background:

State law regulates many aspects of the distribution, sale, and lease of motor vehicles by dealers and manufacturers. Several practices by dealers and manufacturers are prohibited. A violation of one of these prohibitions is a misdemeanor. A civil action for any of the violations may also be brought in superior court to seek an injunction, and recover actual

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damages and costs of the litigation, including reasonable attorneys' fees. In addition, a violation is a violation of the Consumer Protection Act.

Summary of Bill:

An unlawful practice is added. A dealer may not enter into a new motor vehicle sales contract without disclosing to a buyer of the vehicle, or to a dealer in the case of an unregistered motor vehicle, any known damage and repair to the vehicle if the damage exceeds 5 percent of the manufacturer's suggested retail price or \$1,000, whichever is greater. A manufacturer is also required to disclose any known damage or repair to a dealer. Manufacturers and dealers are not required to disclose that glass, tires, bumpers, or cosmetic parts of a new vehicle were damaged if the damaged item has been replaced with original or comparable equipment.

"Cosmetic parts" are defined as parts that are attached by and can be replaced in total through the use of screws, bolts, or other fasteners without the use of welding or thermal cutting, and includes windshields, bumpers, hoods, or trim panels.

A "manufacturer's suggested retail price" means the retail price of the new motor vehicle suggested by the manufacturer, and includes each accessory or item of optional equipment physically attached to the new motor vehicle at the time of delivery to the new motor vehicle dealer that is not included within the retail price suggested by the manufacturer for the new motor vehicle.

If disclosure is not required, a buyer may not revoke or rescind a sales contract due to the fact that the new motor vehicle was damaged and repaired before completion of the sale.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill was brought to the attention of legislators by a constituent. The purchase of motor vehicle is one of the most significant purchases, after a house, that a consumer will make. A constituent bought a new vehicle that started having problems. After a year, a mechanic looked at it and was certain that it had been in an accident. It was part of a dealer-to-dealer trade so it was difficult to get answers on what happened to the car. Ultimately it was found that the vehicle had been in an accident. This should not happen to consumers. It is important for consumers and dealers to have full information before they make purchases or trades. This bill requires disclosure and ensures that this information is

provided. It was well-worked in the Senate and many changes were made to address concerns. This bill follows closely what other states do, specifically Alaska.

(Opposed) None.

Persons Testifying: Senator Parlette, prime sponsor; Richard Stilwater; and Scott Hazlegrove, Washington State Auto Dealers Association.

Persons Signed In To Testify But Not Testifying: None.